

Message Text

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QUOTE S E C R E T SINGAPORE 2964

EXDIS

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E.O. 11652: GDS
TAGS: EGEN, PFOR, ASEAN
SUBJECT: SINGAPORE PRIME MINISTER'S FURTHER THOUGHTS ON 10TH ASEAN
MINISTERIAL MEETING

REF: SINGAPORE 2915

1. SUMMARY: IN A SECOND MEETING WITH ME ON THE 10TH
ASEAN MINISTERIAL MEETING, PRIME MINISTER LEE AGAIN
STRESSED THE NEED FOR ECONOMIC, SOCIAL AND POLITICAL
PROGRESS IN ASEAN TO PREVENT SOUTHEAST ASIA FROM GOING
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COMMUNIST. AS DESCRIBED IN REFTTEL, HE IS PREOCCUPIED
WITH WHAT HE CONSIDERS INDONESIAN RESISTANCE TO MORE
SIGNIFICANT ECONOMIC COOPERATION; HE NOW CONSIDERS THE
FIVE ASEAN INDUSTRIAL PROJECTS A CUL-DE-SAC BECAUSE OF
THE INDONESIAN STATE CAPITALIST APPROACH TO THEIR
MANAGEMENT AND THE FACT THAT EVERY DECISION AFFECTING
ONE OF THESE PROJECTS WOULD BECOME A MATTER OF INTER-
GOVERNMENTAL DEBATE. HE BELIEVES THAT ASEAN MIGHT
NEED TO FIND A MECHANISM TO PERMIT THE OTHER COUNTRIES
TO MOVE FORWARD MORE RAPIDLY WITH ECONOMIC DEVELOPMENT

BASED ON FREE ENTERPRISE WHILE INDONESIA PROCEEDS AT ITS OWN PACE. HE SUGGESTED THAT THE U.S. OR JAPAN MIGHT DO A SURVEY OF VIABLE PROJECTS IN ASEAN COUNTRIES WHICH COULD BE DEVELOPED BY PRIVATE CAPITAL.

2. FOREIGN MINISTER RAJARATNAM, WHO WAS ALSO PRESENT, STATED THAT INDONESIAN FOREIGN MINISTER MALIK HAD MADE PROPOSALS AT THE 10TH MINISTERIAL MEETING (REPEAL OF THE BANGKOK DECLARATION, ABOLITION OF THE ASEAN STANDING COMMITTEE, AND STRENGTHENING OF THE INDONESIAN-BASED ASEAN SECRETARIAT) THAT WOULD HAVE TAKEN ASEN BACK TO ITS PRE-BALI SUMMIT STAGE AND GIVEN INDONESIA MUCH GREATER INFLUENCE OVER ASEAN. RAJARATNAM ALLEGED THAT INDONESIA WANTS TO RE-DIRECT ASEAN TOWARD A "KONSEPSI" OF MUTUAL SECURITY AND DIMINISHED ECONOMIC COOPERATION. MALIK EVENTUALLY BACKED DOWN TO SOME EXTENT ON HIS PROPOSALS AND AGREED TO A FORMULATION WHEREBY THE STATUS QUO WILL BE MAINTAINED "UNTIL CHANGED." END SUMMARY

3. I HAD A FURTHER MEETING WITH PRIME MINISTER LEE KUAN YEW JULY 12. ALSO PRESENT WERE FOREIGN MINISTER RAJARATNAM AND DIRECTOR OF MFA POLITICAL DIVISION TAN BOON SENG. (TAN HANDLES ASEAN MATTERS FOR THE GOS AND IS ITS SECRET

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REPRESENTATIVE AT SENIOR OFFICIALS MEETINGS.) NOTHING INTRINSICALLY NEW EMERGED FROM THIS MEETING, BUT FM RAJARATNAM PROVIDED ADDITIONAL INFORMATION ON ATMOSPHERICS AND ON THE SITUATION CREATED BY INDONESIA AT THE 10TH ASEAN MINISTERIAL MEETING (REFTEL), WHILE PM LEE EXPATIATED FURTHER ON POSSIBLE ALTERNATIVE ROUTES FOR ASEAN ECONOMIC DEVELOPMENT.

4. AS TO THE 10TH MINISTERIAL MEETING, RAJA NOTED THAT ASEAN'S EMPHASIS ON ECONOMICS UNDER TERMS OF THE BANGKOK DECLARATION DIDN'T SUIT THE INDONESIANS, SINCE IT POINTED ASEAN AWAY FROM THEIR OWN "KONSEPSI" OF IT AS A POTENTIAL MUTUAL SECURITY ORGANIZATION AND POLITICAL GROUPING IN WHICH INDONESIA WOULD PLAY A LEADING ROLE DUE TO ITS SIZE AND POPULATION. MOREOVER, HE SAID, THE INDONESIANS FELT THEY WERE AT A DISADVANTAGE IN KEEPING UP WITH THE OTHER ASEAN STATES IN ECONOMIC DEVELOPMENT--THE MORE ADVANCED COUNTRIES, SUCH AS SINGAPORE, WOULD TEND TO PROFIT AT INDONESIA'S EXPENSE.

5. ACCORDINGLY, RAJA STATED ADAM MALIK HAD ARRIVED AT THE 10TH MINISTERIAL MEETING ARMED WITH THREE MAJOR PROPOSITIONS: TO REPEAL THE BANGKOK DECLARATION, TO ABOLISH THE ASEAN STANDING COMMITTEE, AND TO STRENGTHEN THE ASEAN SECRETARIAT. THE NET EFFECT WOULD HAVE BEEN TO TAKE ASEAN BACK TO WHERE IT WAS BEFORE THE BALI SUMMIT. MOREOVER, WITHOUT THE STANDING COMMITTEE TO PRESENT

ISSUES TO ASEAN GOVERNMENTS BETWEEN MINISTERIAL MEETINGS, AND WITH A STRENGTHENED SECRETARIAT BASED IN JAKARTA AND LED BY AN INDONESIAN CHARGED WITH PREPARING AGENDAS FOR MINISTERIAL MEETINGS, INDONESIA WOULD BE IN A POSITION TO EXERCISE BROAD DAY-TO-DAY INFLUENCE OVER ASEAN AFFAIRS.

6. TO SINGAPORE'S SURPRISE, PHILIPPINE FOREIGN AFFAIRS SECRETARY ROMULO HAD INITIALLY SUPPORTED INDONESIA,
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PROBABLY BECAUSE THE PHILIPPINE FOREIGN AFFAIRS DEPARTMENT HAS BEEN EQUABBLING WITH THE ECONOMIC DEPARTMENTS AS TO WHO SHOULD HAVE THE FINAL SAY IN ASEAN MATTERS. HOWEVER, ROMULO CHANGED HIS TUNE AFTER HE SAW THE STAND OF SINGAPORE, MALAYSIA, AND THAILAND, AND SUBSEQUENTLY RECEIVED PRESIDENT MARCOS' PERMISSION TO OPPOSE ANY ALTERATION OF EXISTING ARRANGEMENTS. (MALAYSIA AND THAILAND STOOD WITH SINGAPORE BECAUSE BOTH HAVE SET A HIGH PRIORITY ON ECONOMIC PROGRESS, AND MALAYSIA ALSO DIDN'T WANT ASEAN TO ASSUME ANY SEMBLANCE OF A MUTUAL SECURITY ORGANIZATION.) RAJA SAID THAT MALIK HIMSELF WANTED TO BE FLEXIBLE, BUT WAS TOLD IN A TELEPHONE CALL TO JAKARTA TO REMAIN FIRM. NEVERTHELESS HE BACKED DOWN SOMEWHAT AND AN AGREED FORMULATION WAS ARRIVED AT WHEREBY THE STATUS QUO WOULD BE MAINTAINED "UNTIL CHANGED." THERE THE MATTER RESTS, AND THE SINGAPOREANS HAD OBSERVED WITH INTEREST THAT MALIK WA QUOTED IN FRONT OF THE MERDEKA PALACE AFTER MEETING WITH PRESIDENT SUHARTO AS SAYING THE BANGKOK DECLARATION REMAINS IN EFFECT. WHAT APPARENTLY SWUNG INDONESIA BACK WAS A WARNING FROM SINGAPORE, SECONDED BY ROMULO, THAT A RULES CHANGE WOULD MEAN THAT THE ASEAN SUMMIT WOULD BE UNABLE TO CLAIM ANY PROGRESS.

7. PM LEE THEN TOOK UP THE STORY, RECOUNTING WHAT HE HAD SAID TO ME JULY 9 ON THE NEED FOR ECONOMIC, POLITICAL, AND SOCIAL PROGRESS IN ASEAN TO PREVENT SOUTHEAST ASIA FROM GOING COMMUNIST. EMPHASIZING THE CRUCIAL NATURE OF ECONOMICS, HE SAID HE HAD NOW COME TO APPRECIATE THAT ASEAN IS IN A CUL-DE-SAC WITH ITS FIVE AGREED-UPON INDUSTRIAL PROJECTS. THE STRICTLY GOVERNMENTAL MAKE-UP OF THE BOARDS OF DIRECTORS (SEE REFTTEL) AND THE VETO POWER EACH BOARD MEMBER POSSESSED WOULD TURN EVERY
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MANAGERIAL DECISION INTO AN INTERGOVERNMENTAL NEGOTIATION (OR CONFRONTATION) RATHER THAN KEEPING IT A STRICTLY ECONOMIC AFFAIR, AND EACH GOVERNMENT COULD USE A THREATENED VETO ON SOMEONE ELSE'S PROJECT TO DERIVE ADVANTAGES FOR

ITS OWN PROJECT.

8. PM LEE ATTRIBUTED THIS SITUATION TO INDONESIA'S PENCHANT FOR STATE CAPITALISM, AND ITS ZEAL TO FIND SHORTCUTS TO DEVELOPMENT WITHOUT GOING THROUGH (TO LEE) NECESSARY PRELIMINARY STEPS IN DEVELOPING ENTREPRENEURIAL SKILLS AND SUPPORTING INFRASTRUCTURE. HE POINTED TO INDONESIA'S BATAM ISLAND PROJECT AS A CASE IN POINT: INDONESIA HAD WANTED TO CREATE AN "INSTANT SINGAPORE" ON NEARBY BATAM WHICH WOULD HAVE THE SAME ADVANTAGES OF GEOGRAPHY AND INFRASTRUCTURE AS SINGAPORE ITSELF, BUT RATHER THAN ACCEPT THE FACT THAT SINGAPORE TOOK 158 YEARS OF FREE MARKET CAPITALISM TO DEVELOP, THE INDONESIANS HAD LOOKED FOR THE EFFECT TO BE ACHIEVED VIRTUALLY OVERNIGHT BY THE STATE FROM THE TOP DOWN. THE RESULT WAS THAT MILLIONS OF DOLLARS HAD BEEN SPENT ON BATAM, BUT VERY LITTLE TO SHOW.

9. PM LEE'S OWN SOLUTION, BASED ON SINGAPORE'S EXPERIENCE, WAS TO FALL BACK ON PRIVATE INVESTMENT AND ENTREPRENEURSHIP TO IDENTIFY PROJECTS IN THE ASEAN REGION WHICH COULD EARN A PROFIT. HE SPECULATED THAT JAPANESE OR U.S. INTERESTS, OR BOTH, MIGHT BE INVITED TO MAKE SURVEYS IN EAC
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